

MANUFACTURING EXTENSION PARTNERSHIP

Success Stories from the Field

Leatherwood Electronics and Manufacturing

South Carolina Manufacturing Extension Partnership

Leatherwood Electronics & Manufacturing Saves 15 Percent On Insurance Premiums

Client Profile:

Leatherwood Electronics & Manufacturing, Inc., performs precision metal fabrication, CNC machining, and electromechanical assembly for a range of industries, including medical device manufacturers, industrial/commercial equipment manufacturers, and the U.S. military. Founded in 1986 and located in Charleston, South Carolina, the company currently employs 45 people.

Situation:

Faced with year after year of rising health insurance costs, Leatherwood Electronics & Manufacturing (Leatherwood) needed to find a way to maintain health benefits for the company's employees while controlling costs. The company had been following the industry trend of 10 to 15 percent premium increases each year. To maintain the quality of the Leatherwood employee benefits program, and even increase the range of benefits, the company needed to find a new method of providing health insurance coverage for its employees. Leatherwood is a member of the Lowcountry Manufacturers Council (LMC), which works with the South Carolina Manufacturing Extension Partnership (SCMEP), a NIST MEP network affiliate, to offer an insurance program to the state's small manufacturers.

Solution:

SCMEP and LMC conceived the group insurance program in 1999 for manufacturing companies that fall under SIC Codes 2000 – 3999. The program enables small manufacturers to provide affordable healthcare coverage for their employees. It is unique because each company is quoted on an individual basis, and premiums are affected by individual performance and size, in addition to the performance of the overall LMC pool of insured employees. Leatherwood applied for and was accepted to the group insurance program, and has saved 15 percent on its premiums every year since it joined.

As more LMC member companies join the program, the group has increased its negotiating power. Leatherwood expects to increase its level of insurance benefits over the next few years while maintaining the same cost structure.

Results:

Saved 15 percent on insurance premiums in the first two years of participation.
Maintained current health insurance plan with the same level of employee

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coverage.

Expecting to increase benefits without paying additional premiums in the next few years.

Testimonial:

“SCMEP and the LMC have created a plan that provides good health insurance coverage for a very reasonable price. This plan makes health insurance affordable for small manufacturers.”

Mike Leatherwood, President